

February 17, 2009

**AGENDA ITEM 6a**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Update on the Private Equity Consultant Request for Proposal
- II. PROGRAM:** Alternative Investment Management (AIM) Program
- III. RECOMMENDATION:** Information
- IV. ANALYSIS:**

This agenda item provides an update on the Private Equity Consultant Request for Proposal (RFP) process.

On September 15, 2008, the Investment Committee approved the initiation of a stand alone contract for the committee's Private Equity Consultant. Staff issued the Private Equity Consultant Services RFP on December 29, 2008 with a final filing deadline of February 19, 2009.

The Private Equity Consultant Services solicitation is the first individual request for a Private Equity Consultant. Previously, a consultant in the General Pension Consultant Spring-Fed Pool has been engaged to serve as the Board's Private Equity Consultant. Staff used the following approach to develop the RFP:

- Developed four (4) service areas to increase the potential to receive proposals from firms with a focus in the area of private equity investment services rather than general consulting services.
- Maintained the minimum qualifications from the original General Pension RFP of five (5) years of operating history required of proposers, and modified the experience required of their key personnel to three (3) years of providing consultant services to institutional funds clients.

Prior to the release of the Private Equity Consultant RFP, staff made a concerted effort to solicit proposals from a wide range of private equity investment consultants, as follows:

- Advertised the Private Equity Consultant RFP in the California Contracts Register and "*Pensions and Investments*" investment journal,
- Notified the Investment Office Diversity Consultants (Mosaic Investment Advisors and Altura Capital Group) prior to the release of the RFP to encourage a broad array of proposal submissions, and
- Prepared a bidders list that included private equity consultants of varying sizes and investment specialties and utilized the Altura Capital Group database for emerging managers to assist in developing the bidders list.

Currently, staff is compiling an evaluation committee consisting of CalPERS staff to review and score the technical proposals. See schedule, Attachment 1.

At the April 20, 2009 Investment Committee meeting, staff will present the ranked list of successful proposers for Investment Committee approval. At that time, the Investment Committee will determine if it will conduct interviews with the successful proposers.

At the May 18, 2009 Investment Committee meeting, the Committee will select an individual consultant to be awarded a contract. The contract will have a start date on or around July 1, 2009.

## **V. STRATEGIC PLAN:**

1. Goal VIII, manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits, and second, to minimize and stabilize contributions.
2. Goal IX, achieve long-term, risk-adjusted returns.

**VI. RESULTS/COSTS:**

The costs for the Private Equity Consultant are estimated to be within \$200,000 - \$250,000 annually.

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